

Voices from the Frontline:



The impact of deductions from Universal Credit Payments

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Citizens Advice Scotland (CAS), our 60 member Citizens Advice Bureaux (CAB), the Citizen Advice consumer helpline and the Extra Help Unit form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website, Advice for Scotland, provides information on rights and helps people solve their problems.

In 2017/2018, the Citizens Advice network in Scotland helped over 295,000 clients in Scotland alone and dealt with over 874,100 advice issues. With support from the network, clients had financial gains of over £142.2 million and our Scottish self-help website Advice for Scotland received approximately 3.2 million unique page views.



The Citizens Advice network operates a real-time case reporting system called Citizens Alerts. The system allows CAB to submit to CAS client case notes, demonstrating the impact of policies and services which they feel are failing to meet client needs.

This briefing is based on an analysis of **Citizens Alerts** concerning the impact of deductions from Universal Credit (UC) payments, received between October 2017 and June 2018.

Introduction and context of briefing

DWP can make deductions to a UC payment if the claimant:

- Has received an overpayment of benefit
- Is in arrears (rent; gas; electric; Council Tax; water and sewerage; some loans and fines, and child support maintenance)

A maximum of 40% of a claimant's UC monthly standard allowance may be deducted, with no more than three deductions made at a time. Most deductions can be made without the claimant's consent.

Evidence from Citizens Advice Bureaux

We recognise that deductions may be a suitable way for claimants to manage their arrears and overpayments. However, evidence from CAB across Scotland suggests that the maximum deduction rate of 40% is too high and is frequently applied without taking a holistic overview of the claimant's circumstances. This can leave claimants in significant financial hardship, often either unable to afford or having to choose between essentials such as food and energy. Claimants can easily become reliant on foodbanks and Scottish Welfare Fund Crisis Grants as a result. Reduced monthly payments can also make it difficult to pay rent and bills, trapping claimants in a cycle of debt.

Deductions can also cause great uncertainty and distress, particularly if the claimant's UC payments vary monthly anyway, and especially when clear reasons for deductions are not provided, or when the claimant cannot easily view payment details due to digital access issues. This can make household budgeting very difficult. Finally, it appears difficult for claimants to negotiate with DWP a lower deduction rate, especially if they have multiple debts.

Citizens Alert: A north of Scotland CAB reports of a client who was left with only £49 UC for the month, after deductions. The client was homeless and had just been allocated council housing. He did not have enough money to buy food or fuel, let alone buy furniture for his new home. The client suffers from serious mental health problems and attends psychiatric outpatient appointments. He also has reduced mobility. He needed a Crisis Grant and foodbank vouchers to get by.

Citizens Alert: A north of Scotland CAB reports of a distressed client who could not afford to heat her home or buy food after a 40% deduction to her UC, leaving her with only £110 for the month. She managed to pay her electricity bill; however, her broadband and phone lines were cut off. This made it extremely difficult for her to meet her UC job search requirements. The client is now relying on food parcels and is suffering from the cold in her home. The DWP advised that it would be impossible to lower the deduction rate.

Citizens Alert: An east of Scotland CAB reports of a client with multiple debts who is suffering great financial hardship due to over £100 of deductions from her monthly UC. The client has received a number of letters from creditors, some of which have been passed to debt collectors, demanding additional payments. The client is currently too unwell to work, has no disposable income and is unable to make any sort of payment towards these debts with what is left of her UC, as well as pay for food, gas and electricity. She also supports her son, who has ADHD and addiction issues. She wishes to apply for sequestration but cannot afford the fee.

Citizens Alert: An east of Scotland CAB reports of a vulnerable client with serious mental health issues whose UC payment was so low that he was forced to use his Personal Independence Payment (which is intended to cover additional costs associated with a disability rather than day-to-day essentials) to pay his bills. The client didn't have enough money for food either, so has required numerous foodbank vouchers and Advance Payments, as well as Crisis Grants and emergency gas and electric top-ups.

Citizens Alert: A north of Scotland CAB reports of a confused and distressed client faced with over £100 of deductions for an overpayment made by official error upon migration from Employment and Support Allowance to UC, as well as rent arrears. The client was unable to understand why his payment was so low as he was given no explanation. He has no money for food or essentials and has since been diagnosed with stress and issued a four-week fit note. His rent arrears are now mounting further.

Citizens Alert: A north of Scotland CAB reports of a desperate client who has continually had her requests to renegotiate the 40% deduction from her UC refused. She doesn't have enough money to feed herself and her two year-old daughter and is currently threatened with eviction for mounting rent arrears. She has no disposable income to assist her in this situation.

Citizens Advice Scotland recommends that:

- **the maximum permitted deduction rate should be reduced from the current rate of 40% of the standard allowance**
- **the DWP take a holistic overview of the claimant's circumstances and allow claimants to negotiate the rate of deduction before it is applied, particularly if the proposed level of deduction may cause hardship**

For more information, please contact: Eilidh McIvor (0131 550 1155) & Olive Hill (0131 550 1017)